

## THE CONVERSATION

Academic rigour, journalistic flair

# The politics of unshackling the NBN from politics

March 28, 2014 12.46pm AEDT



Looking for fast broadband? Here, read this report. Stefan Postles/AAP

### Author



#### Michael de Percy

Senior Lecturer in Political Science,  
University of Canberra

Nobody can ever state with certainty how much it will cost or how long it will take to deliver broadband services to more than 22 million people spread out over 7.6 million square kilometres. Even more difficult to project are the revenues from such a service years from now. Anybody who could know would certainly possess a global monopoly along with their crystal ball.

Likewise, there is no perfect technology that will solve all of tomorrow's problems. Indeed, it is an iterative process. And network technologies create legacies that are difficult to anticipate. Telstra's copper network, for example, is a legacy that just refuses to go away.

All of these facts didn't stop another round of **bickering** between politicians after the release this week of the interim **report** from the Senate Select Committee on the National Broadband Network.

What are reasonable assumptions to make when analysing the progress of the NBN to date? Here's a few: high-speed internet access is essential for a variety of social, political, economic and familial reasons. Fibre-to-the-premises (FTTP) is better than fibre-to-the-node (FTTN) but it costs more. It is expensive to deliver broadband to the bush. When the market works, it works, and when it doesn't, government should act. And any broadband is better than no broadband.

So why are there so many reports yet so little action in delivering broadband services? Why should government insist on delivering it exclusively?

## A history of interference

It is an Australian tradition that politicians use the communications industry as a big policy switch to be flicked when politicking calls for it. Flick the switch one way and provide numerous reports to support the view, then flick it the other and the process starts over again. And then focus so much on the minor short-term issue that the big picture is lost for centuries.

Politicking is the stuff of democracy. But when services that can be delivered by the market are caught up in politicking, the system falters.

Government has always been slow to deliver communications technologies in Australia (you only need to compare Australia with other OECD nations over time to see this). And with about 160 years of experience, Australian businesses have learnt that first movers pay a hefty price for taking the initiative.

Here's a quick look at governments (of all persuasions) and their long record of failed interference in the telecommunications sector:

- A commercially sustainable private telegraph system was shut down by government when it threatened revenues for the South Australian Government's network.
- The first Australian telephone exchange was run by a business (established two years before London's exchange). Government shut it down to improve "quality".
- Australian designs for telephones and exchanges were overlooked by various colonial governments in favour of foreign imports.
- Wireless was available right from the beginning, but government took control of it, refused to let businesses use it, and then did nothing for more than a decade. Amalgamated Wireless Australasia (AWA) - the first wireless agent in Australia - came about largely because the Australian government had infringed wireless patents trying to build its own systems.
- FM radio didn't happen for decades because government decided we didn't need it.
- Who can forget disconnecting all their non-Telecom devices any time there was problem with the phone line, otherwise Telecom made you pay just for turning up. We learnt quickly not to have the audacity to use non-Telecom products, even though Austel said we could.
- The "Rolls Royce" version of Aussat, Australia's domestic communication satellite system, hardly made a dent in Australia's poor access to television content. In the far north, you could either watch NQTV or the ABC. Everywhere else in the developed world you could watch hundreds of channels.

- Monolithic Telstra was created by government then prevented from acting like a normal business because government got its privatisation plan wrong.



Politicians are unlikely to commission a report that doesn't match their position. Stefan Postles/AAP

## Wasting time

How did the Rudd/Conroy government try to solve our broadband problems? It took control again, but this time with NBN. Instead of focusing on market failure in the bush, politicians decided to run the whole show.

In every instance more reports trying to figure out why it just wasn't quite working as the politicians had planned. Always caught up in politics. Always slow and uncertain.

Politicians would hardly instigate a report that didn't support their own position. And because nobody can ever be certain, we can bicker endlessly about assumptions in reports designed to support a particular political position.

The government's recent strategic review and subsequently the Senate Committee's findings are no different. Should we have FTTP or a multi-technology mix? Asking who is right or wrong is the wrong question. We should be asking: what is the point?

Businesses will build whatever the government pays for - they've been doing this since the first telegraph network was established. But will we have a vibrant and innovative communications sector? Not if Australians are to have affordable access to effective communications technologies - now and into the future. The question we need to be asking is what role government should play in facilitating the deployment of communications technologies.

TPG is pushing the boundaries and **delivering fibre** right now. NBN Co wants this to stop. Business is delivering, government is reporting. It's not hard to work out which approach is addressing our broadband problems.

Let the market work where it works, let government step in where it doesn't. Nobody should be surprised to learn that it is expensive to provide broadband to remote and regional communities. But instead of transparently setting out how much it costs to deliver broadband to the bush, government gets everyone in on the gig so it can hide the inevitable cross-subsidisation. Never mind the effect on industry, but it sure makes for good politics.

But while the traditional political game continues, the future of our communications industries will remain the subject of more reports, not action.

A long-term industry has been shackled to three-year political terms for far too long. The only way to unshackle NBN from politics is to get government out of the marketplace where it exists. Of course, the legacy of sunk costs will make this difficult. But by the time we stop bickering about the latest lot of reports, it will be time to deal with the next communications technology problem.

Much better to be using an affordable broadband service (regardless of whether it's FTTP or FTTN) than reading yet another report trying to second-guess the market.

[NBN](#)[Broadband](#)[Telstra](#)[Privatisation](#)[National Broadband Network](#)[Government subsidies](#)[Role of government](#)